

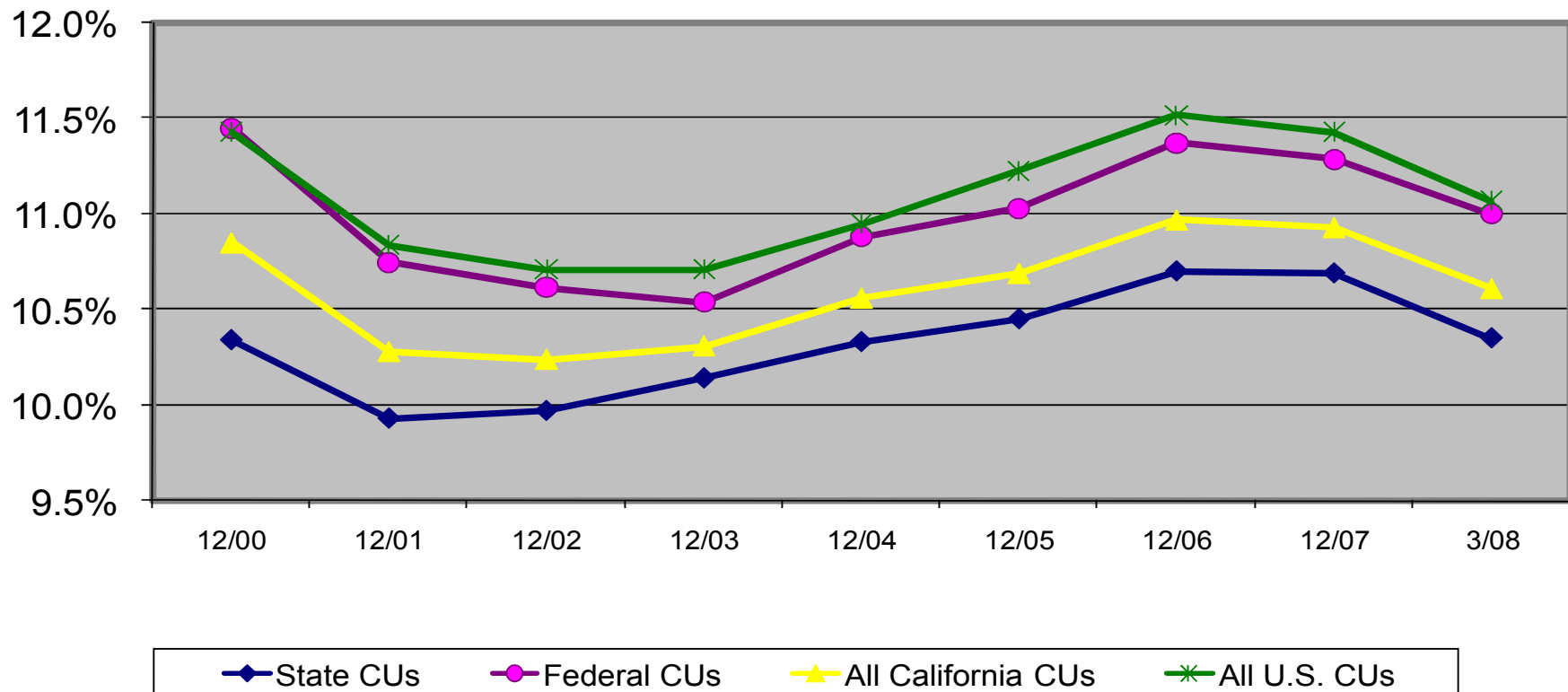


# Credit Union Advisory Committee Meeting

June 26, 2008

# Capital Adequacy

**Net worth ratio of CA state chartered credit unions peaked during 2007, but has been trending downward in recent periods.**



# Net Worth / Total Assets by Quintile\*

## State Chartered Credit Unions

As of March 31, 2008

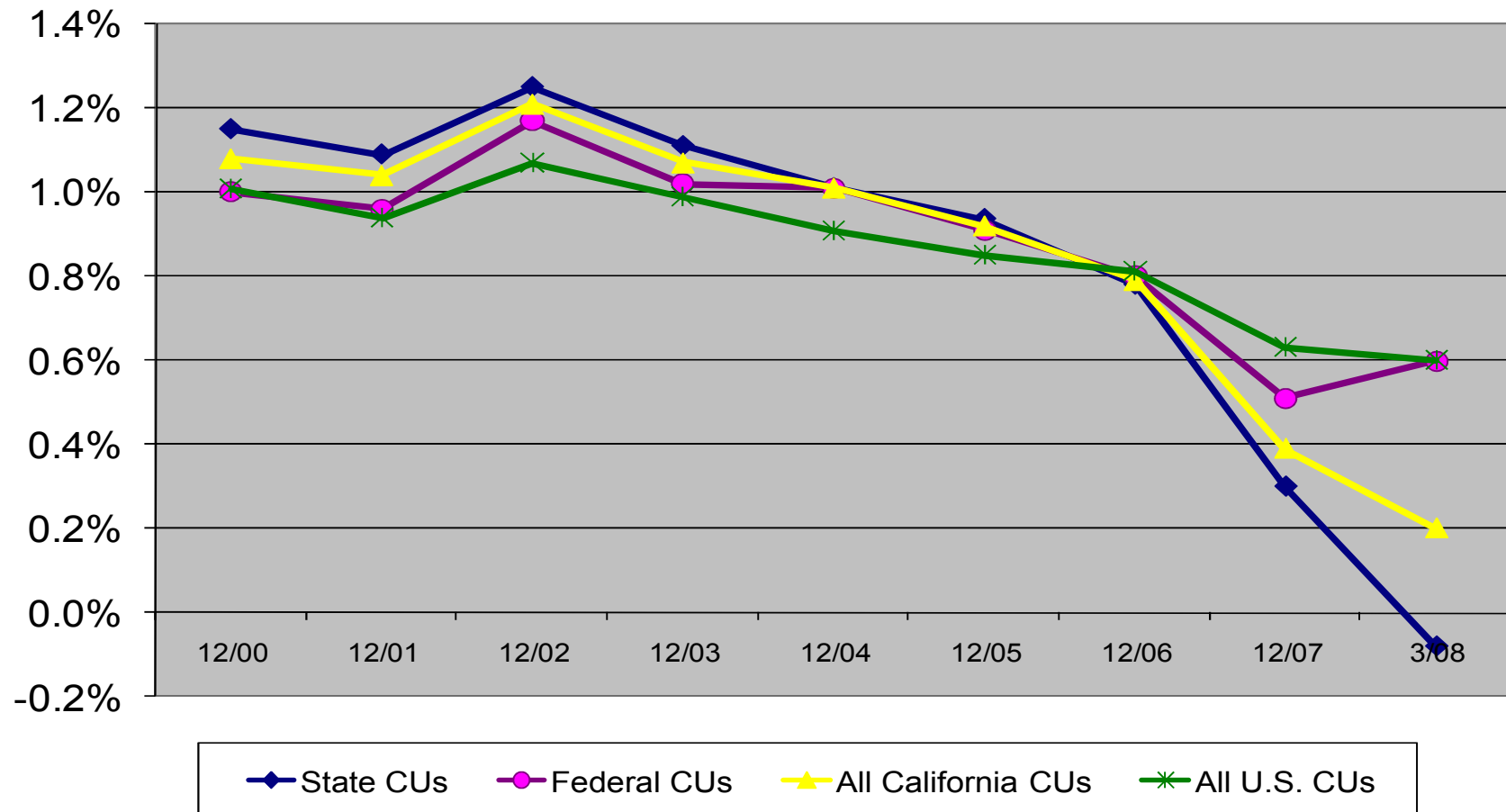
Asset Size	Less than \$10MM	\$10 to \$50MM	\$50 to \$100MM	\$100 to \$500MM**	\$500 to \$1 Billion	\$1 Billion and More	Total**
# of Credit Unions	29	49	23	54	20	20	195
First Quintile	22.5	17.7	15.1	16.3	13.7	12.4	19.3
Second Quintile	18.0	13.7	12.2	12.7	10.5	11.5	13.2
Third Quintile	15.0	11.8	9.9	10.8	9.8	10.8	11.0
Fourth Quintile	10.4	11.1	9.0	10.0	8.9	9.6	9.9
Fifth Quintile	9.1	9.9	8.0	8.9	7.7	7.9	8.0
Total	14.0	12.9	10.7	11.4	9.9	10.3	10.5

\* Quintiles of equal sizes are created by dropping off first the highest then the lowest ratio in each group until the number of institutions is divisible by 5.

\*\* Excludes Cal State 9 Credit Union.

# Earnings Performance – Return on Assets

**CA state chartered ROA sharply declined in 2007 and was negative Q1-2008.**



# Return on Average Assets by Quintile\*

## State Chartered Credit Unions

As of March 31, 2008

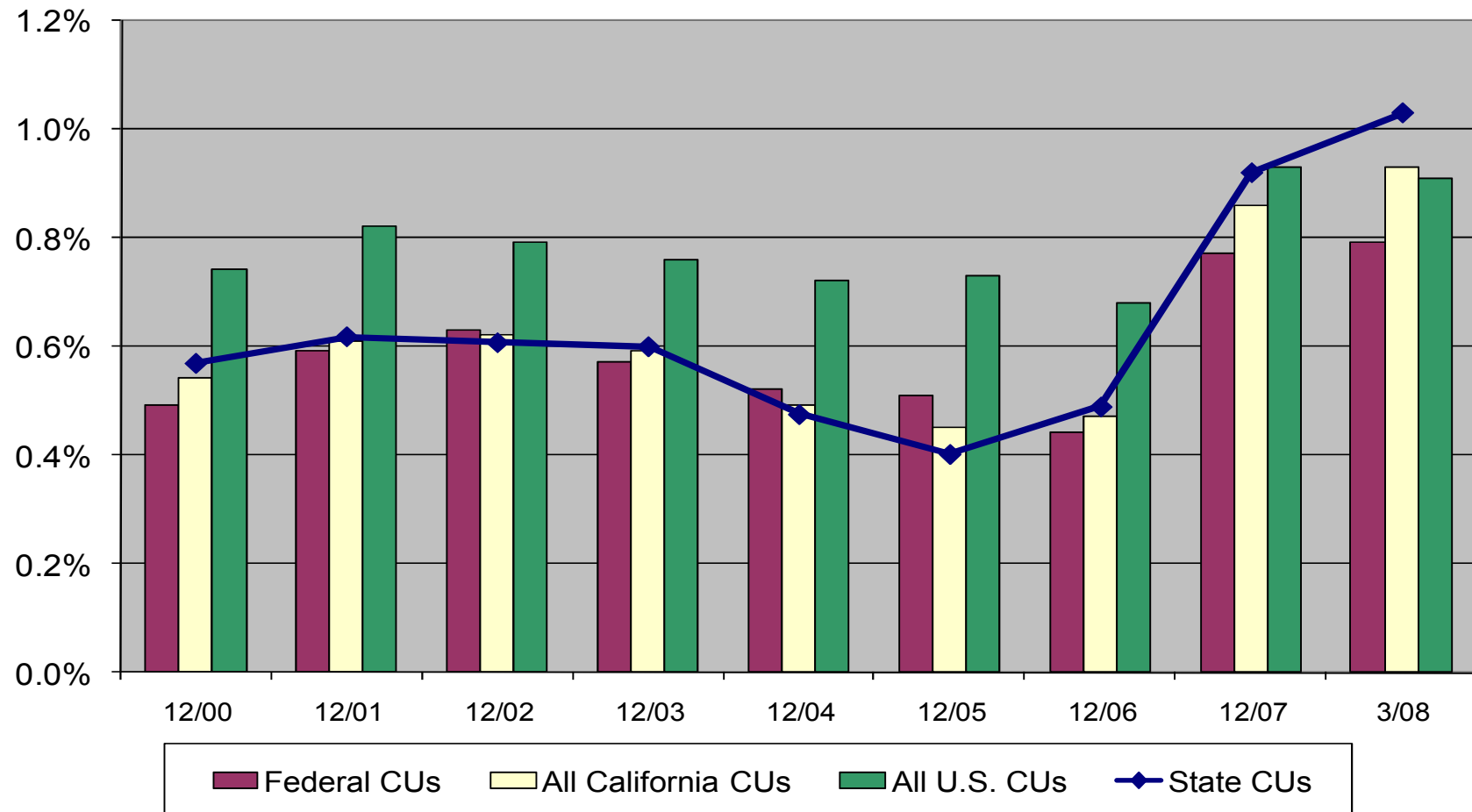
Asset Size	Less than \$10MM	\$10 to \$50MM	\$50 to \$100MM	\$100 to \$500MM**	\$500 to \$1 Billion	\$1 Billion and More	Total**
# of Credit Unions	29	49	23	54	20	20	195
First Quintile	1.7	1.2	0.7	0.7	1.2	1.3	1.6
Second Quintile	0.7	0.6	-0.1	0.3	0.6	0.8	0.5
Third Quintile	0.3	0.3	-0.5	0.1	0.4	0.4	0.2
Fourth Quintile	0.1	0.0	-1.0	-0.2	0.1	0.1	-0.2
Fifth Quintile	-0.6	-0.6	-2.4	-1.4	-0.5	-1.1	-2.0
Total	0.3	0.4	-1.9	-0.2	0.3	0.4	0.2

\* Ratio is annualized. Quintiles of equal sizes are created by dropping off first the highest then the lowest ratio in each group until the number of institutions is divisible by 5

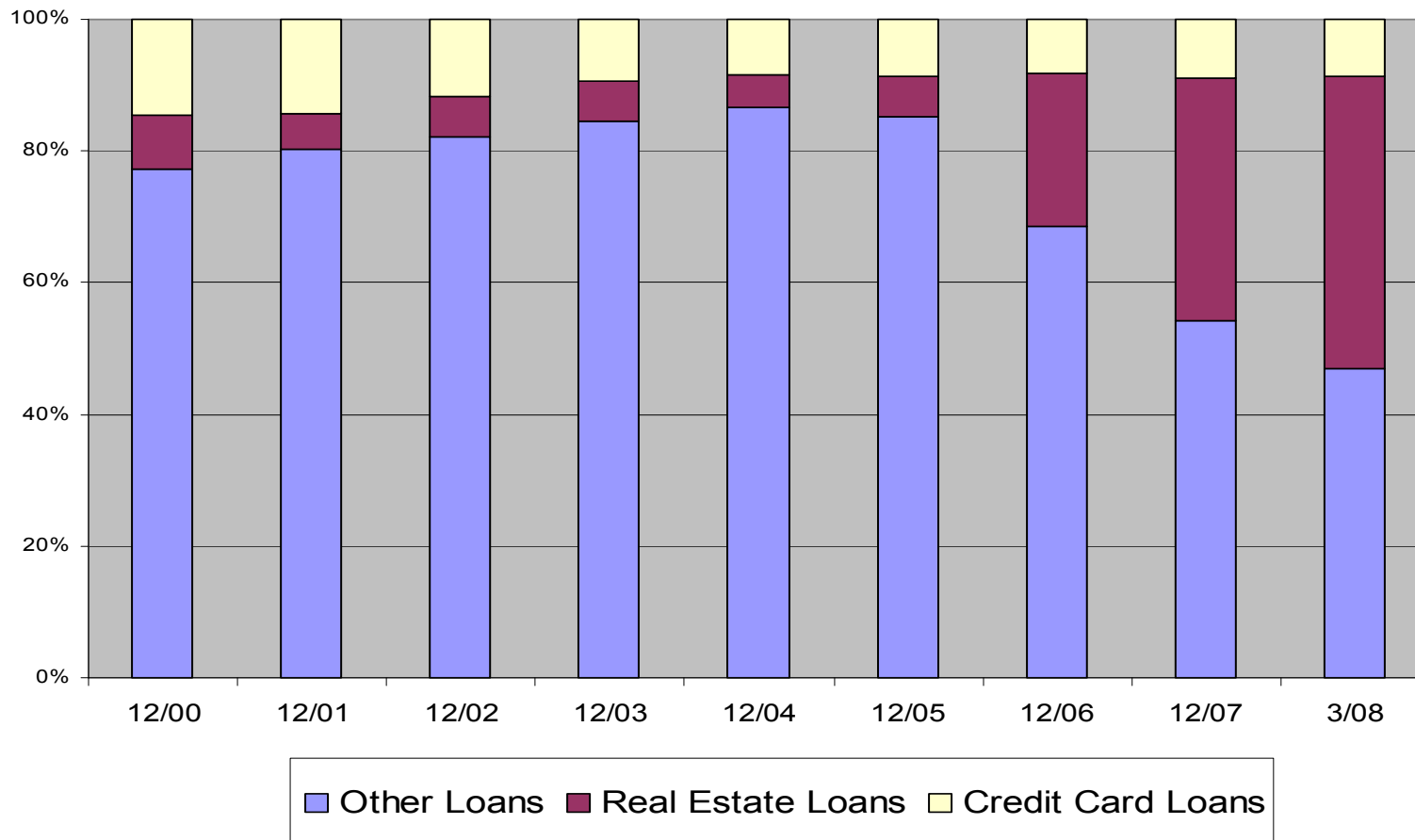
\*\* Excludes Cal State 9 Credit Union.

# Delinquent Loans to Total Loans

**CA state chartered credit union loan delinquency exceeded the national level during Q1-2008 due to Cal State 9**



# Delinquencies by Type (Percent Share)



# Delinquent Loans / Total Loans by Quintile\*

## State Chartered Credit Unions

**As of March 31, 2008**

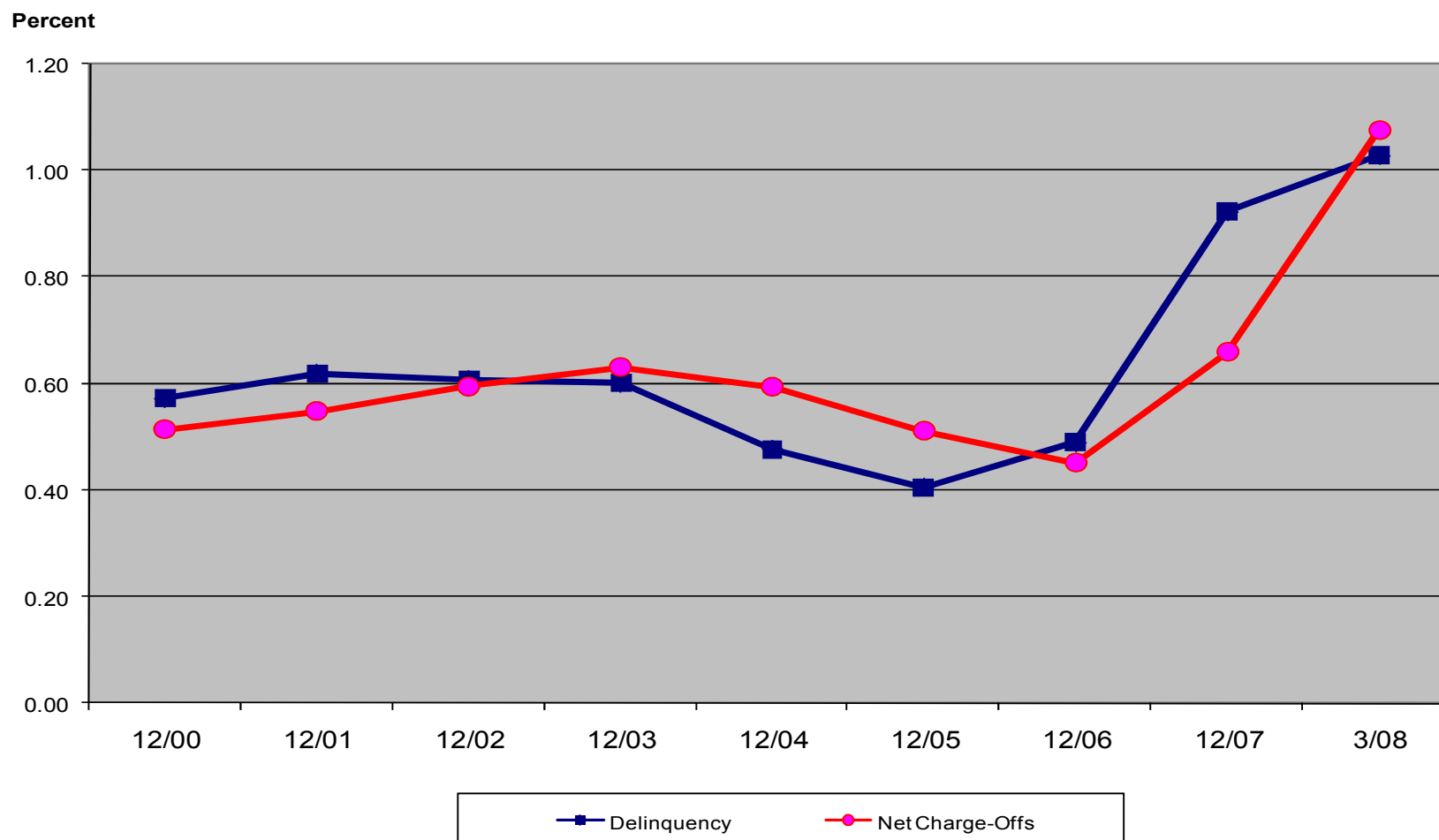
Asset Size	Less than \$10MM	\$10 to \$50MM	\$50 to \$100MM	\$100 to \$500MM**	\$500 to \$1 Billion	\$1 Billion and More	Total**
# of Credit Unions	29	49	23	54	20	20	195
First Quintile	5.1	2.3	2.0	2.1	1.5	1.5	3.7
Second Quintile	3.0	1.3	1.2	1.1	0.9	1.2	1.3
Third Quintile	1.8	0.8	0.9	0.8	0.7	0.9	0.8
Fourth Quintile	0.7	0.4	0.5	0.6	0.5	0.6	0.5
Fifth Quintile	0.1	0.1	0.3	0.4	0.3	0.3	0.2
Total	2.3	1.1	1.3	1.0	0.8	0.9	0.9

\* Quintiles of equal sizes are created by dropping off first the highest then the lowest ratio in each group until the number of institutions is divisible by 5.

\*\* Excludes Cal State 9 Credit Union.



# Asset Quality – State Chartered Credit Unions



# Net Charge-Offs / Average Loans by Quintile\*

## State Chartered Credit Unions

As of March 31, 2008

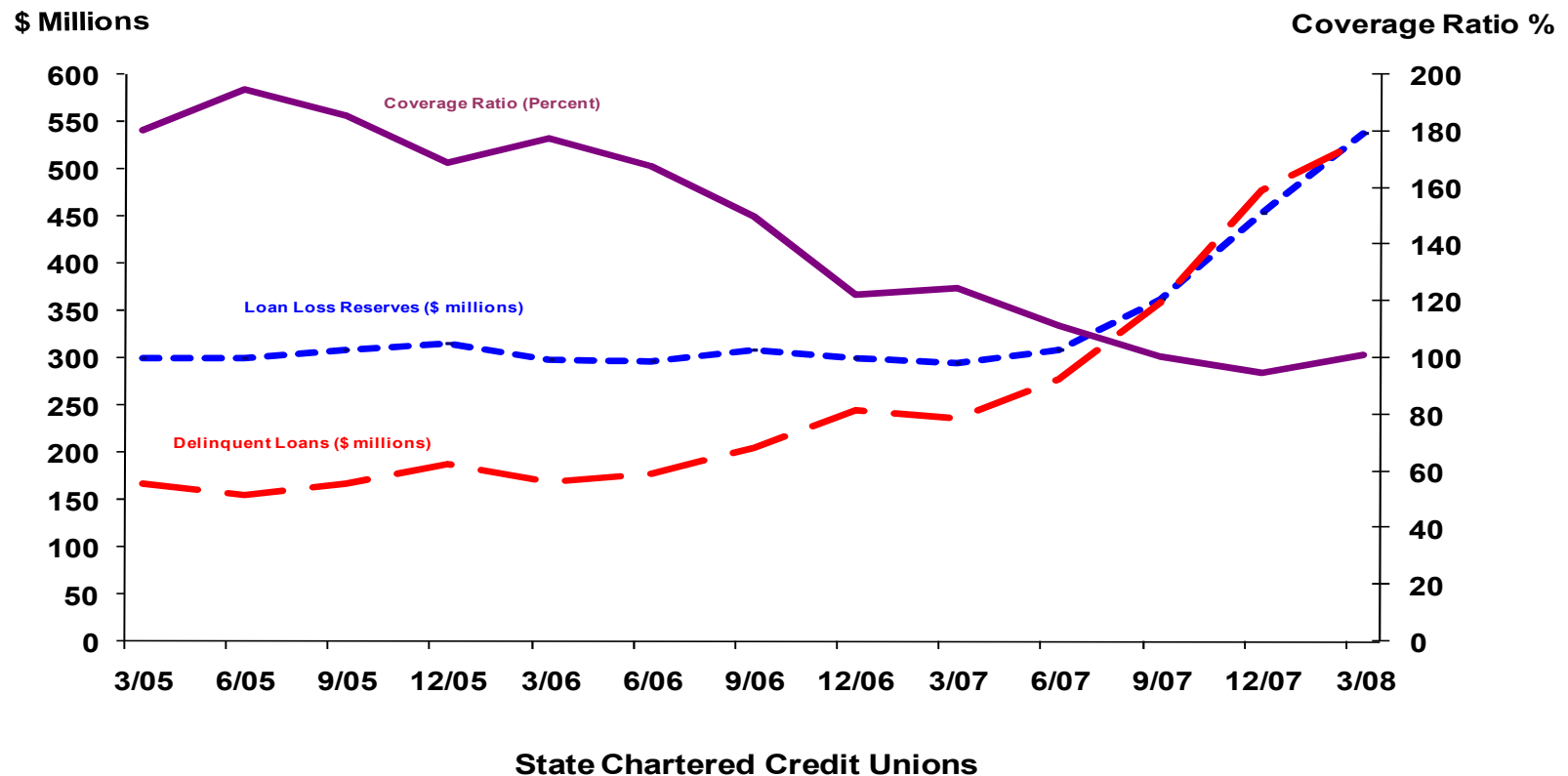
Asset Size	Less than \$10MM	\$10 to \$50MM	\$50 to \$100MM	\$100 to \$500MM**	\$500 to \$1 Billion	\$1 Billion and More	Total**
# of Credit Unions	29	49	23	54	20	20	195
First Quintile	1.0	1.0	1.8	1.8	1.4	1.7	2.4
Second Quintile	0.2	0.5	0.8	1.2	1.0	1.2	0.9
Third Quintile	0.0	0.3	0.6	0.7	0.8	0.8	0.5
Fourth Quintile	0.0	0.1	0.4	0.5	0.5	0.7	0.2
Fifth Quintile	-0.4	0.0	0.0	0.2	0.3	0.2	-0.2
Total	0.6	0.4	2.3	1.0	0.8	1.0	1.0

\* Ratio is annualized. Quintiles of equal sizes are created by dropping off first the highest then the lowest ratio in each group until the number of institutions is divisible by 5.

\*\* Excludes Cal State 9 Credit Union.

# Loan Loss Reserves to Delinquent Loans - State Chartered Credit Unions

**Loss reserve growth has not kept pace with rising delinquency**



# Loss Reserves / Delinquent Loans by Quintile\*

## State Chartered Credit Unions

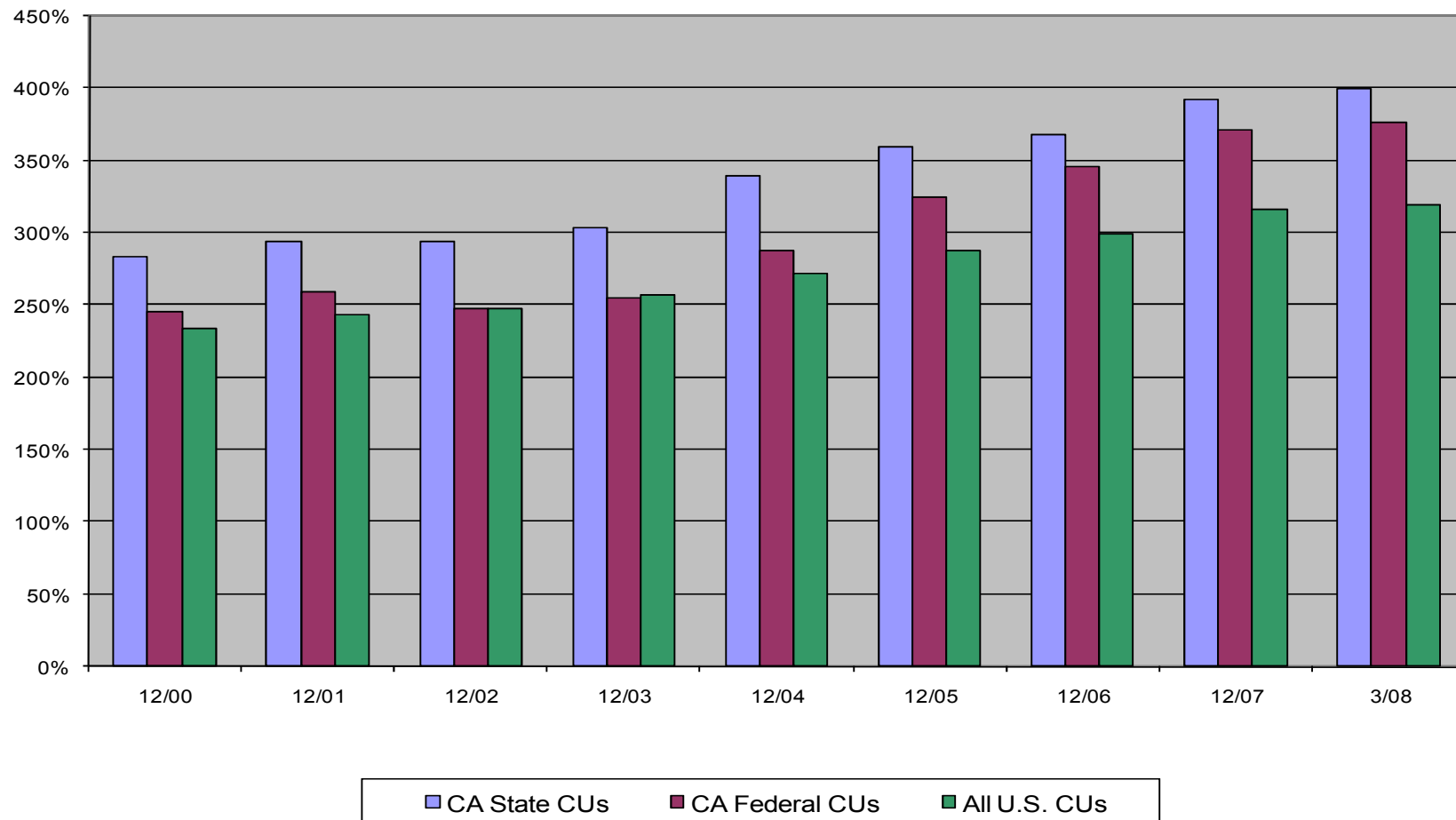
As of March 31, 2008

Asset Size	Less than \$10MM	\$10 to \$50MM	\$50 to \$100MM	\$100 to \$500MM**	\$500 to \$1 Billion	\$1 Billion and More	Total**
# of Credit Unions	29	49	23	54	20	20	195
First Quintile	223.2	402.3	133.0	185.0	195.1	196.4	348.5
Second Quintile	79.4	74.1	98.5	128.2	132.9	112.8	115.1
Third Quintile	47.9	57.5	74.6	93.1	97.7	96.1	75.0
Fourth Quintile	25.5	36.9	37.9	68.3	75.4	67.6	49.3
Fifth Quintile	9.7	21.0	13.8	39.2	40.4	45.2	20.4
Total	48.0	53.4	105.3	85.0	84.8	108.1	97.9

\* Quintiles of equal sizes are created by dropping off first the highest then the lowest ratio in each group until the number of institutions is divisible by 5.

\*\* Excludes Cal State 9 Credit Union.

# Real Estate Loans to Net Worth



# Real Estate Loans / Net Worth by Quintile\*

## State Chartered Credit Unions

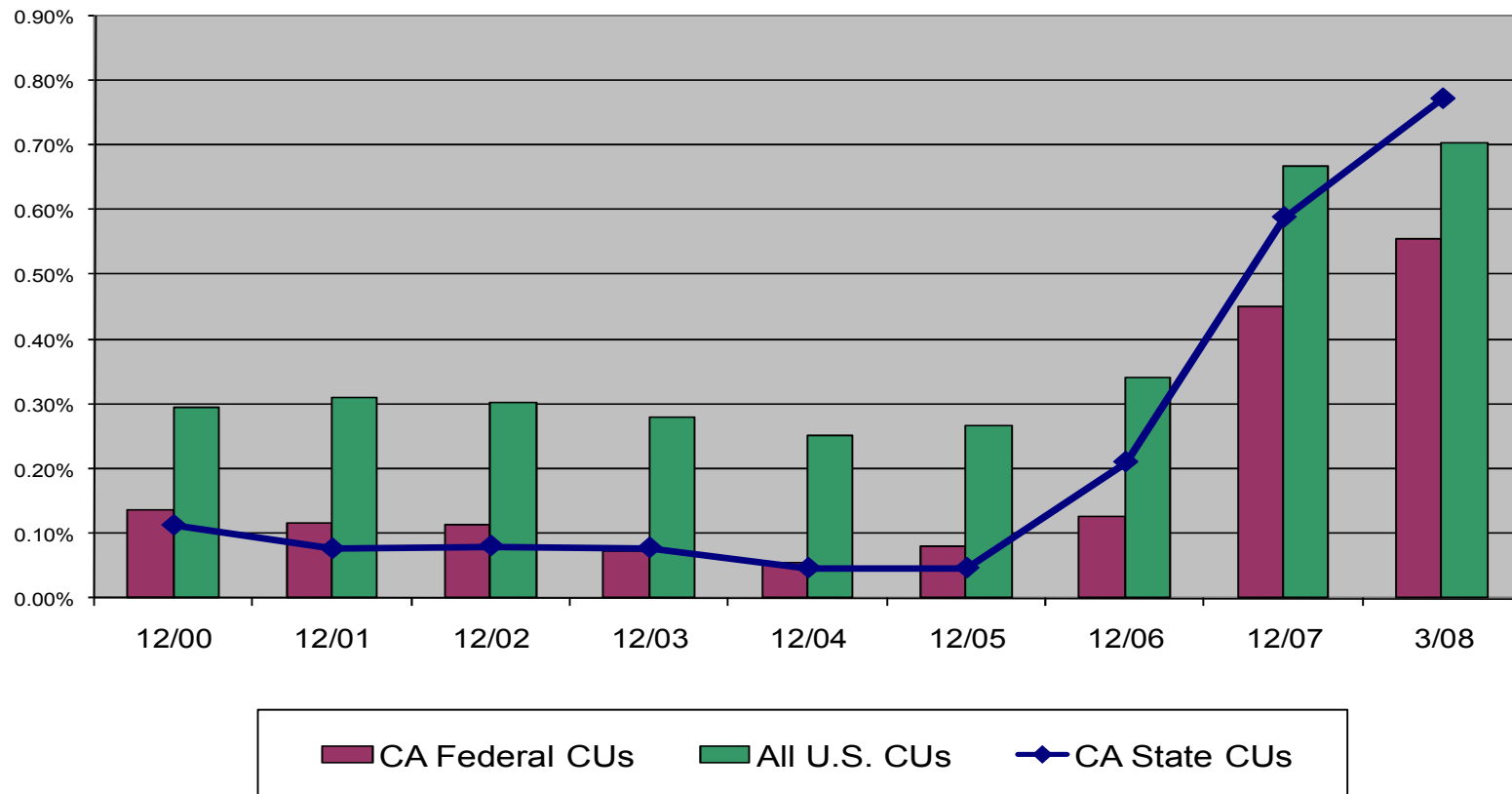
As of March 31, 2008

Asset Size	Less than \$10MM	\$10 to \$50MM	\$50 to \$100MM	\$100 to \$500MM**	\$500 to \$1 Billion	\$1 Billion and More	Total**
# of Credit Unions	29	49	23	54	20	20	195
First Quintile	121.3	431.5	394.5	527.2	675.8	723.8	584.3
Second Quintile	65.5	283.6	312.4	371.8	546.1	525.4	371.2
Third Quintile	0.0	193.1	183.6	297.2	431.1	444.9	241.9
Fourth Quintile	0.0	122.7	123.5	218.5	330.2	269.5	134.3
Fifth Quintile	0.0	58.2	72.5	122.8	194.1	193.2	-472.4
Total	72.0	223.2	254.3	313.3	419.8	421.5	392.0

\* Quintiles of equal sizes are created by dropping off first the highest then the lowest ratio in each group until the number of institutions is divisible by 5.

\*\* Excludes Cal State 9 Credit Union.

# Real Estate Delinquency Ratio



# Real Estate Delinquency / Real Estate Loans by Quintile\*

## State Chartered Credit Unions

As of March 31, 2008

Asset Size	Less than \$10MM	\$10 to \$50MM	\$50 to \$100MM	\$100 to \$500MM**	\$500 to \$1 Billion	\$1 Billion and More	Total**
# of Credit Unions	29	49	23	54	20	20	195
First Quintile	0.0	0.5	1.7	1.9	1.3	1.3	2.7
Second Quintile	0.0	0.0	0.8	0.8	0.5	0.6	0.5
Third Quintile	0.0	0.0	0.0	0.4	0.3	0.4	0.1
Fourth Quintile	0.0	0.0	0.0	0.1	0.2	0.2	0.0
Fifth Quintile	0.0	0.0	0.0	0.0	0.0	0.1	0.0
Total	1.1	0.7	1.2	0.8	0.5	0.5	0.6

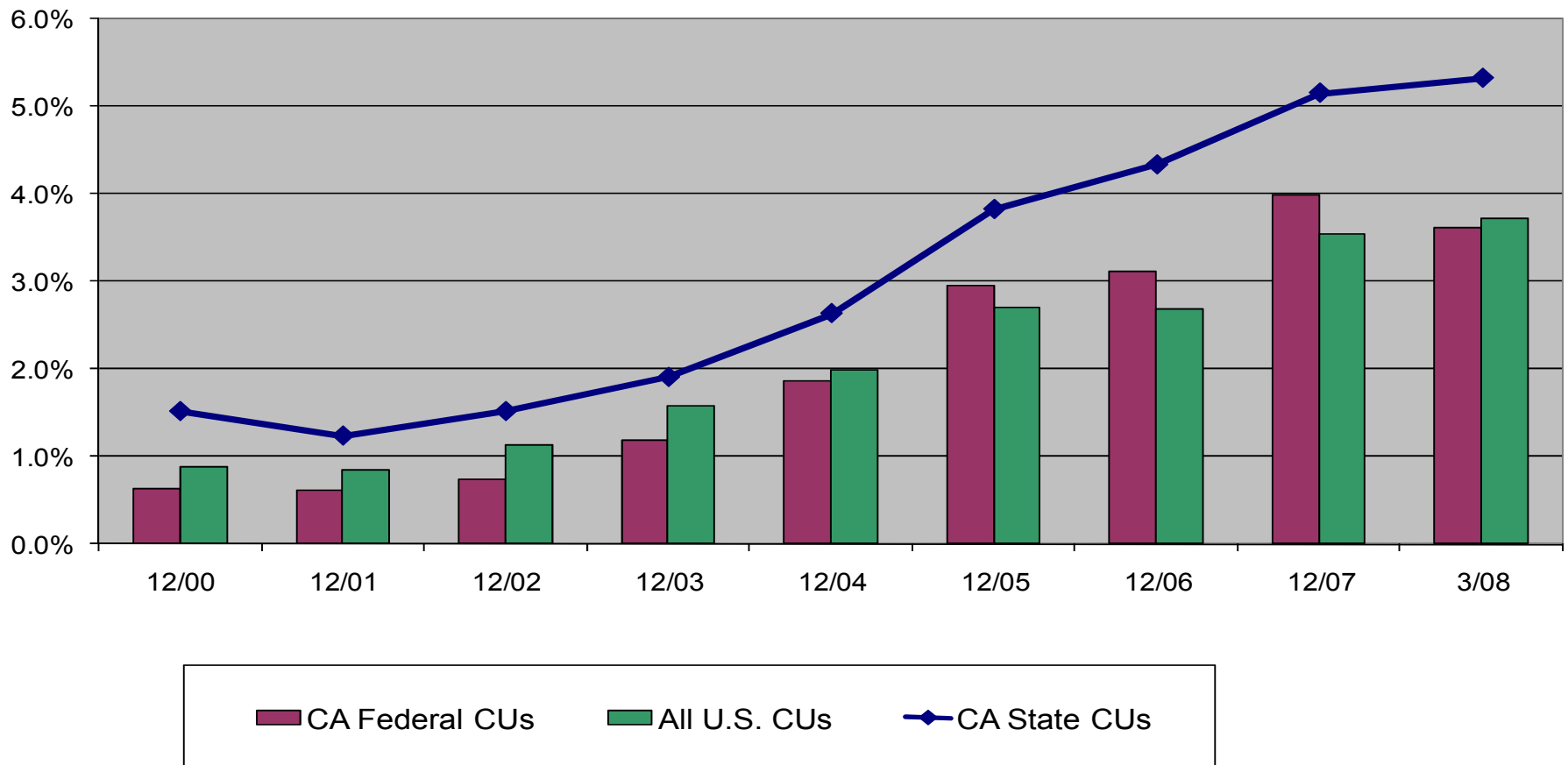
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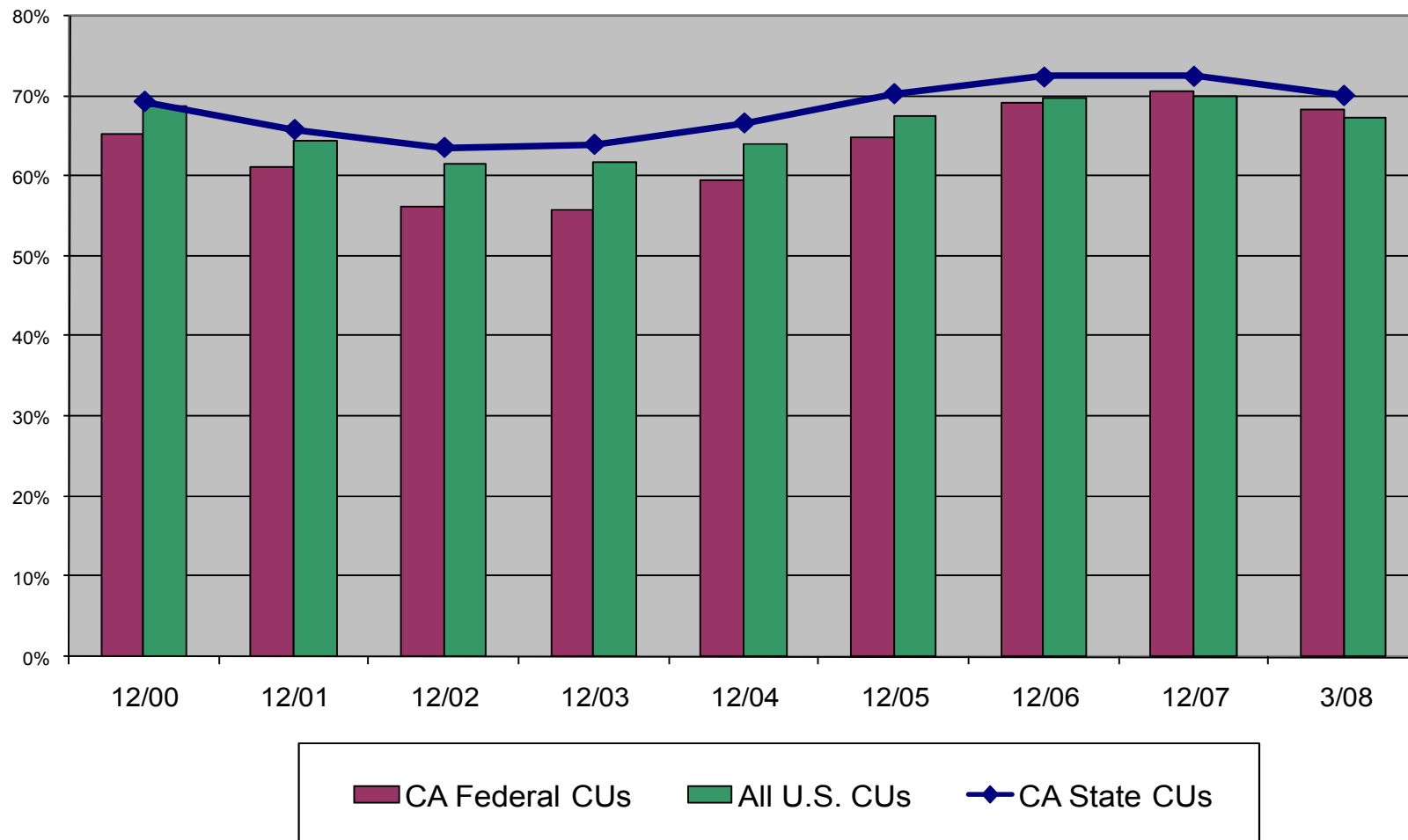


# Liquidity & Funding – Borrowed Funds to Shares & Net Worth

Low but increasing borrowings for CA state chartered credit unions



# Liquidity & Funding – Loans to Assets





# Examination Trends

# Examination Trends

**CAMELS RATING MIGRATION GRID**

		CURRENT RATING				
		1	2	3	4	5
PRIOR RATING	1	49	18	0	0	0
	2	12	62	9	0	0
	3	0	15	23	3	0
	4	0	1	1	2	0
	5	0	0	0	0	0

 Declining

 Stable

 Improving

# Number of Problem State Chartered Credit Unions

